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## Viewing cable 06PARIS3360, DOMINIQUE STRAUSS-KAHN ON CLEARSTREAM, HIS

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#06PARIS3360**.

Reference ID	Created	Released	Classification	Origin
<a href="#">06PARIS3360</a>	<a href="#">2006-05-19 07:37</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Paris</a>

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TO RUEHC/SECSTATE WASHDC PRIORITY 7572  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 04 PARIS 003360

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E.O. 12958: DECL: 01/01/2016  
TAGS: [PGOV](#) [PREL](#) [ECON](#) [FR](#) [PINR](#) [EUN](#)  
SUBJECT: DOMINIQUE STRAUSS-KAHN ON CLEARSTREAM, HIS  
PRESIDENTIAL ASPIRATIONS, AND FRANCE: A COMPREHENSIVE  
SNAPSHOT OF THE POLITICAL SCENE

REF: A. PARIS 3178

[1](#)B. PARIS POINTS OF 5/16

Classified By: AMB Craig Stapleton for reasons 1.4 (B & D).

¶1. (C) Summary: In a remarkably wide-ranging tour de force equally remarkable for its candor, former finance minister and leading Socialist party presidential candidate Dominique Strauss-Kahn shared with Ambassador Stapleton May 16 his views that: the Clearstream scandal is far from over; the Socialist Party can win in the 2007 presidential elections and that there will not be a repeat of 2002; his most difficult hurdle in his quest for the presidency will be to win his party's nomination over Segolene Royal; tackling significant reform in France is all the more difficult for being necessary; France's main problem is its current lack of confidence in itself; and the Chirac presidency looks increasingly to be marked by failure. End summary.

#### Clearstream and the Censure Motion

¶2. (C) In a May 16 meeting with the Ambassador, Former finance minister, Socialist Party (PS) heavyweight and presidential contender Dominique Strauss-Kahn (known here as DSK) insisted on the seriousness of the censure motion vote tabled earlier by the PS, to be voted on later the same afternoon, in connection with the Clearstream scandal (see also ref A). While the outcome was a foregone conclusion, and such motions generally were little more than political "theater" given the institutional realities of the Fifth Republic, he asserted that it was nonetheless important. This was especially so given the decision by some leading center-right UMP governing party deputies (ref B) not to be present for the vote and center-right UDF party president Francois Bayrou's decision to vote for the censure motion.

¶3. (C) Although DSK dismissed Bayrou's decision as political posturing to maximize his own first-round presidential election chances (DSK judged that Bayrou would receive only 6-9 percent of the first-round vote), he judged that an alliance with the left -- even if Bayrou switched to supporting the right in the second round -- could potentially have significant ramifications for a left-right face-off in the second round of the 2007 presidential elections. He hedged about the impact in the end, however, noting that most UDF voters were probably more to the right than their leaders.

#### 2007 Between Center-Left and Center-Right

¶4. (C) DSK was confident that the second round would be a contest between the UMP and the PS, notwithstanding the current popularity of extremist elements on the left and the right. But voters had learned from the 2002 elections, where their protest votes cost Jospin the elections. He predicted that the PS candidate would garner around 22-23 percent, with likely UMP candidate Sarkozy getting closer to 24-25 percent of the first-round vote. Chirac's initial 2002 score of less than 20 percent was, DSK asserted, an historical anomaly. DSK was adamant that far-right National Front leader Jean-Marie Le Pen would come in third. Even if he managed to exceed his initial score of 2002, it would still not be enough.

#### Villepin Will Survive, Good for Left

¶5. (C) DSK acknowledged when asked that it would probably be better for the PS if Villepin stayed in office until the end of Chirac's term, given that the prospects were for "one year of nothing." Even if Chirac did decide to jettison Villepin, it is not clear whom Chirac should name as a successor. DSK concluded that, if the current government managed to survive until the beginning of the World Cup in late June, then it would sail through the July/August holiday period. When September rolled around, the electorate would be more focused on the 2007 presidential elections than trying to boot the incumbent government out of office.

¶6. (C) Asked if this meant that the Clearstream affair would therefore soon be forgotten, DSK (in contrast to some) responded that "this was only the beginning." He was struck by secret investigator General Rondot's decision not to meet with the investigating judges, commenting that "this meant

there was someone more he feared than the judges" (by implication, with something to hide). Explaining, he added that Rondot was a military guy who was obeying orders. Someone had told him to stonewall, which is why he had gone silent. Turning to a putative meeting on Clearstream between Chirac and Sarkozy, he said Chirac had asked Sarkozy what the risks were of Clearstream continuing, and Sarkozy had responded "100 percent." DSK concluded that, although the scandal might disappear from the public eye, the

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investigations would continue. He lamented that France was not a more mature democracy like the U.S. DSK said that Sarkozy had rightly understood that voters felt touched by the scandal and were demanding justice, even if they could not understand it fully. His dilemma was that, if he stayed in the government, this would only bewilder voters and reinforce their alienation. Chirac, DSK continued, could have put an end to the story by changing prime ministers.

#### Government Dead in Water

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¶7. (C) Turning to Villepin, DSK recalled his last press conference during which he had touted small improvements in the unemployment situation. But this did not fool anyone, he asserted. DSK explained that it was difficult to flaunt a tiny improvement in one area when, at the same time, the overall economic situation was not good and deteriorating, and social tensions were on the uptick. Moreover, the controversy over the First Employment Contract, a measure of little significance per se, had now made further reform almost impossible.

#### Admiration for Sarkozy

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¶8. (C) DSK agreed that the PS had benefited from the Clearstream scandal, although he acknowledged that every party or figure had skeletons in the closet. He nonetheless complained that Sarkozy had overdone it in portraying himself as a victim and that this would reap little sympathy on the left. DSK characterized Sarkozy's overall strategy simply as one of being determined to win, but readily admitted that he was an extremely talented politician who had managed successfully to turn voters' concerns about growing crime, for example, to his own benefit. DSK expressed astonishment that Sarkozy was running on a platform of claiming that he "knew the solutions to France's problems, but would not reveal or implement them until elected." This was a permissible strategy for the opposition party, he complained, but was hard to sustain for someone already in power.

#### Chirac Prefers Left to Sarkozy

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¶9. (C) DSK also judged that Sarkozy had positioned himself so far to the right that he would have difficulty moving back to the center. He claimed there was a large number of Chirac supporters who would not vote for Sarkozy as president. DSK vigorously affirmed that Chirac was "an objective ally" who would prefer a victory of the left to having Sarkozy succeed him for a number of reasons: he did not deem Sarkozy a "worthy" successor (just as Mitterrand had favored Chirac over Jospin); he was a "radical-socialist" (in the French sense) at heart in any case, in contrast to Sarkozy, the free market "liberal." Chirac also feared Sarkozy was more likely than the left to pursue him in the courts for past scandals in which he was implicated. (Note: The French Radical party fits loosely into the Christian democratic tradition of capitalism with a strong social component.)

#### Royal Leading for Now, But...

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¶10. (C) Asked about the presidential nomination process in the PS, DSK referred to Segolene Royal's commanding lead in public opinion polls as a "collective hallucination" and reminded the Ambassador that, in France, those who were poll leaders six months before the elections -- Giscard d'Estaing

in 1981, Balladur in 1995, and Jospin in 2002 were the most recent examples -- had invariably lost. DSK predicted that Royal would eventually crumble and that, if nominated by the PS, would not survive against Sarkozy. He noted wryly in that Sarkozy had already reached the same conclusion, which explained why he continued to extol her qualities as a potential candidate. DSK added that while she had a decent chance of winning the "internal" debate within the PS, she would have much more difficulty winning the "external" debate with Sarkozy, even with good advisors and handlers.

#### Not of Presidential Timber

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¶11. (C) Within the PS, according to DSK, Royal was not as popular, as she drew much of her public support from the right and center. He claimed that 80 percent of the party was not behind her, and dismissed announcements of support from various mayors as falling far short of a snowball effect. DSK asserted that activists in the party "sensed," for example, that Royal could not imagine herself in the international arena, for example, negotiating gas agreements with Putin; good advisors would not be able to make up for her rather shallow experience. He noted that she had not become the President of the Poitou-Charentes region by defeating former prime minister Raffarin, as has been claimed; she had simply won the seat that he had vacated.

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She had never won a tough election battle, he contended, and there were no assurances that she would be able to do so. He described her several times as "fragile but not in the feminine sense," not up to a real debate on the issues. The problem, he admitted readily, was that she was currently popular and that even her most banal pronouncements -- such as being a "Blairite" in the positive sense when it was he, DSK, who had carried this label for years -- were greeted as major media events.

#### DSK's Strategy for Winning

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¶12. (C) Asked to outline his own strategy for winning the presidency, DSK said that the party was currently divided in thirds between supporters of Royal, of him, and of former prime minister Laurent Fabius. His hope was that a debate -- the holding of which he admitted would be difficult to arrange -- among candidates within the party would produce a choice based on substance and that candidate's potential for defeating Sarkozy. He did not believe Royal could win on either count. New PS members had joined on the basis of being able to participate in the outcome, and this could not occur without a debate; if Royal tried to prevent a debate, then she would be perceived as hiding something. DSK summarized his strategy as getting past the highest hurdle first: the key for him would be to come in at least second in the initial first round of the party's selection (not at all a sure thing), and then win in the second round. (Note: The clear implication was that if DSK and Royal survive the first round, the supporters of Fabius would shift their support to DSK in the second round.) Similarly, in the presidential elections, if DSK made it to the second round (which he believed would be possible for whoever was the PS candidate), then he would be the best positioned to defeat Sarkozy in the final round.

#### Jospin Out; Hollande's Mistakes

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¶13. (C) DSK did not believe that former prime minister Jospin would be the party's nominee, as he could not seek the nomination directly and the party was unlikely to offer it to him on a platter absent some serious crisis. DSK believed that he would benefit most from Jospin supporters, given Jospin's opposition to Royal and Fabius. DSK was critical of First Secretary Hollande, saying that he had yielded to the temptation of being a presidential candidate himself, when more even-handed treatment of other candidates would have assured him a place as prime minister in any new government

and kept alive his presidential aspirations for the future. Hollande was described as a good tactician but poor strategist, who would be left out in the cold if Royal won, given his status as her domestic partner. DSK claimed that Hollande had initially proposed Royal's candidacy as a way to preserve his own chances, but that the sorcerer's apprentice had taken on a life of her own. This attempted "privatisation" of the party's agenda had damaged Hollande's reputation.

#### Domestic Situation Key

¶14. (C) Looking to the 2007 presidential elections, DSK criticized Villepin for putting students in the streets over a triviality (the CPE, or First Employment Contract) rather than something important and more worthy of a fight. The main issue, DSK said, is economic growth, not this or that reform of the labor code. France needed to focus on basic reforms, such as of its universities, not on whether a youth under 26 could be fired without a proper explanation. Given the overall sense of insecurity in France, particularly among parents who feared that their children would have worse lives than they, DSK thought foreign policy would play only a very modest role in the elections, notwithstanding the public's interest in Iran and terrorism.

¶15. (C) Nor did DSK believe that Europe would be a major election issue, since France was currently too obsessed with its own situation to look more broadly even toward Europe. DSK said the 2007 presidential elections would evolve around the same set of issues, with the left and right platforms being mirror images of each other. Sarkozy would emphasize immigration and security, and the left would emphasize employment and integration. He predicted that if Sarkozy succeeded in getting voters to focus on security, then he would win, whereas the left would need to emphasize the economy. He said the left had lost in 2002 because it had allowed the right to set the agenda.

#### Whoever Wins Will Have it Tough

¶16. (C) DSK said that whoever won the 2007 elections would have little room for maneuver in effecting change. Things

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would not be as easy as in 1997, when it was possible to stimulate the economy out of recession. The left would need to take risks if elected, and work harder to reform the system. It would be critical to act quickly, based on the mandate of an election. For the mid-term, DSK cited the importance of more investment in growth sectors. Over the shorter term, it was important for French companies to regain confidence in France. He blamed Chirac for creating anxiety in business and cynicism among the elites. Part of Royal's current success was that she had tapped into the country's need to have pride in itself. DSK suggested that little would remain of Chirac's European legacy besides a failed referendum and a proposal to reduce the value-added tax for French restaurants. France, he said, needed someone who could show the way forward. Sarkozy could do that, he said, but Royal would be unable to do so. There was not enough "beef" there.

#### One Last Bold Step from Chirac?

¶17. (C) DSK concluded with the thought that it was not too late for Chirac to show true leadership. He could quit now, call for a renewal of France, call for early elections, and announce his resignation for a date that would permit both sides to prepare properly for them. In this way he could serve France and save his reputation. DSK stopped there, obviously concluding, but not saying, that Chirac would never do it.

#### Comment

¶18. (C) DSK was lively and engaging, full of good humor, and remarkably modest and without pretensions. That may prove to be his undoing. While he was openly critical of Royal, he also readily admitted that she was doing many things right. And while he clearly viewed himself as the right man to lead France, he seemed reluctant to beat his own drum and was spare with prescriptions about what he would do if chosen to be France's next president. The impression left was that, while he may be the most capable and qualified candidate among the Socialists, he lacks the fire in the belly that would propel him to victory. He is one of those who would clearly be better governing than campaigning -- and therefore may never get the chance to govern.

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Stapleton